

Message Text

PAGE 01 STATE 131746
ORIGIN STR-07

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
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STATE/WBARRACLOUGH (INFO)
-----098329 241052Z /23
R 240025Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO
USMISSION GENEVA

LIMITED OFFICIAL USE STATE 131746

E.O. 11652: N/A

TAGS: MX, MTN

SUBJECT: MTN CONSULTATIONS WITH VENEZUELA: MAY 10, 1978

1. SUMMARY: AFTER TWO HOUR CONVERSATION BETWEEN U.S. DELEGATION LED BY AMBASSADOR WOLFF AND VENEZUELAN DELEGATION LED BY FOREIGN TRADE INSTITUTE DIRECTOR CESAR SALAZAR CUERVO IT BECAME OBVIOUS THAT WIDE GAP STILL REMAINS BETWEEN TWO COUNTRIES' MTN POSITIONS. GOV CONTINUES TO RELY ON MANILA DECLARATION TYPE RHETORIC AND RESISTS U.S. ATTEMPT TO ENGAGE IN PRAGMATIC DISCUSSIONS. ONLY POSITIVE NOTES WERE THAT GOV WAS MUCH BETTER PREPARED THAN DURING EARLIER CONSULTATIONS, WHICH INDICATES THAT THEY HAVE BEEN STUDYING THE DEVELOPMENTS IN THE MTN, AND THEIR VERY SUBTLE RESPONSES AT CONCLUSION OF DISCUSSIONS WHICH INDICATE--
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THAT THEY WERE NOT COMPLETELY FORECLOSING PARTICIPATION AND CONTRIBUTIONS IN THE FINAL STAGES OF THE NEGOTIATIONS.

2. GOV REPEATEDLY EXPRESSED DISSATISFACTION WITH THE MTN, ASSERTING THAT THE NEGOTIATIONS WERE NOT RESPONDING TO LDC INTERESTS NOR EVEN PROVIDING A FORUM FOR THE DISCUSSION OF THESE INTERESTS. IN SHORT, THE MTN WAS NOT CONTRIBUTING TO THE FORMATION OF A NEW INTERNATIONAL ECONOMIC ORDER.

3. TURNING TO SPECIFIC COMPLAINTS, THE GOV (FREDDY

CHRISTIANS) CRITICIZED THE U.S. FOR DEMANDING CONTRIBUTIONS FOR THE "PRECARIOUS" CONCESSIONS THAT HAD BEEN OFFERED, THUS VIOLATING THE PRINCIPLE OF NON-RECIPROCITY. THE GOV, ALTHOUGH NOT A GSP BENEFICIARY, ALSO CENSURED THE U.S. FOR ERODING GS, MARGINS BY REDUCING TARIFFS ON GSP ITEMS AND NOT COMPENSATING FOR THIS EROSION. FINALLY, THE GOV COMPLAINED THAT THE U.S. WOULD NOT ENTER INTO TROPICAL PRODUCTS AGREEMENTS UNLESS COMPENSATION WAS RECEIVED.

4. RESPONDING FOR THE U.S. DEL, AMBASSADOR WOLFF NOTED THE IMMENSE GAP IN PERCEPTIONS BETWEEN THE U.S. AND VENEZUELA. HE STATED THAT ATTEMPTS WERE BEING MADE IN THE MTN TO IMPROVE THE INTERNATIONAL TRADING SYSTEM, ALTHOUGH HE ADMITTED THAT THE SYSTEM WAS CURRENTLY INADEQUATE IN SEVERAL RESPECTS. WOLFF STATED THAT THE MTN WOULD NOT SOLVE ALL TRADE PROBLEMS BUT OBSERVED THAT, IF THE MTN FAILED, THE DC MARKETS WOULD BE CLOSED FURTHER. IN THIS REGARD, HE SAID THAT POLITICAL SUPPORT FOR THE MTN IN THE U.S. AND EC WAS ERODING, THUS NECESSITATING THE RAPID CONCLUSION OF THE NEGOTIATIONS. WOLFF WARNED THAT THOSE COUNTRIES NOT PARTICIPATING MIGHT BE EXCLUDED FROM THE MTN'S BENEFITS. CONSULTATION MAY HAVE BEEN INADEQUATE
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TO DATE BUT IT WAS DIFFICULT TO GET NINETY EIGHT COUNTRIES TO MOVE HARMONIOUSLY. NEVERTHELESS, WOLFF STATED THAT THE U.S. HAD CONSULTED WITH MANY LDCS, AND THAT AS FAR AS VENEZUELA AND OTHER LDCS WERE CONCERNED, THE U.S. CONGRESS WOULD HAVE TO BE SATISFIED THAT AT LEAST A MODEST CONTRIBUTION HAD BEEN MADE TO THE MTN.

5. TURNING TO CHRISTIANS' SPECIFIC CRITICISMS, WOLFF NOTED THAT GSP IS AN EPHEMERAL PROGRAM, AND THE U.S. IS MORE INTERESTED IN PROVIDING BINDINGS. GOV MTN AMBASSADOR CASTELLANO RESPONDED THAT GSP MAY NOT BE OBLIGATORY, BUT IT WAS PART OF THE U.S. COMMITMENT TO IMPROVE THE ECONOMIC CONDITIONS OF THE LDCS. WOLFF SAID THAT THE EXCLUSION OF VENEZUELA FROM GSP WAS REGRETTABLE BUT THAT THERE WAS LITTLE CONGRESSIONAL SUPPORT FOR CHANGING THE SYSTEM. REQUESTING CHANGE MIGHT MEAN THE LOSS OF THE ENTIRE SYSTEM. WHILE DISCRIMINATING AGAINST OPEC MEMBERS WAS WRONG, WOLFF FELT THAT THERE WAS SOME LOGIC IN THE ARGUMENT THAT COUNTRIES ENDOWED WITH NATURAL RESOURCES DID NOT NEED PREFERENTIAL TREATMENT AS MUCH AS OTHER LDCS.

6. WOLFF ALSO EMPHASIZED THAT U.S. EXPORTERS WOULD NEED SECURITY BEFORE MAKING PLANS TO ENTER THE VENEZUELAN MARKET, ALTHOUGH THE U.S. WAS NOT EXPECTING EQUAL CON-

CESSIONS FROM THE LDCS IN THE MTN. SOME U.S. REQUESTS

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8. ASSISTANT STR LANDE COMMENTED THAT VENEZUELA HAD NOT MADE REQUESTS OF THE U.S. ON SOME ITEMS OF WHICH IT WAS PRINCIPAL SUPPLIER, AND THE U.S. MIGHT BE WILLING TO CONSIDER THESE ITEMS IF REQUESTS WERE RECEIVED. HE SAID THAT THE U.S.G. WANTED VENEZUELA IN THE TRADING SYSTEM, BUT, WHILE THE U.S.G. HAD HELD DETAILED DISCUSSIONS WITH MANY LDCS, THIS WAS NOT THE CASE AS FAR AS VENEZUELA WAS CONCERNED. LANDE HOPED THAT THIS COULD BE CORRECTED IN THE SHORT TIME REMAINING. AMBASSADOR CASTELLANO ANSWERED BY NOTING VENEZUELA'S NEED TO CONSULT FIRST WITH OTHER ANDEAN PACT GOVERNMENTS BEFORE IT WOULD BE PREPARED TO NEGOTIATE WITH THE U.S. ON A PRODUCT SPECIFIC BASIS.

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DUCTIONS, WHICH WERE BEING MADE FOR DEVELOPMENTAL REASONS, AS AN MTN CONCESSION. HE REPORTED THAT JAPAN AND THE EC WERE WILLING TO DO SO.

10. AMBASSADOR WOLFF UNDERLINED THE IMPORTANCE OF JOINING GATT SINCE IT PROVIDED A SETTING FOR DISCUSSING TRADE PROBLEMS IN AN AMICABLE FASHION. HE SAID THAT THERE WERE BENEFITS TO JOINING GATT DURING THE MTN. CHRISTIANS RESPONDED BY SAYING THAT IT WOULD BE DIFFICULT FOR VENEZUELA TO JOIN GATT SINCE THE PRESENT STRUCTURE OF GATT FAVORED THE DCS.

11. THE GOV DEL FEARED THAT THE U.S. WAS DESIGNATING VENEZUELA AS A MEDIUM DEVELOPED COUNTRY AND THAT THIS MIGHT LEAD TO A NEW FORM OF DISCRIMINATION. AMBASSADOR CASTELLANO CLAIMED THAT PRODUCT SPECIFIC NEGOTIATIONS WOULD BE DIFFICULT FOR THE GOV SINCE IT HAD MADE COMMITMENTS TO VENEZUELAN BUSINESSES. HOWEVER, HE CLAIMED THAT THIS SHOULD NOT BE A PROBLEM SINCE VENEZUELA WAS A GOOD CLIENT WITH U.S. MULTINATIONALS GETTING A GREAT DEAL OF BUSINESS FROM VENEZUELA. HE ARGUED THAT THIS SHOULD BE ACCEPTED BY THE U.S. AS PART OF THE GOV'S CONTRIBUTION IN THE MTN.

12. WOLFF OBSERVED THAT THE U.S. WAS NOT SEEKING TO LIMIT VENEZUELA'S DEVELOPMENT OR THAT OF THE OTHER ANDEAN COUNTRIES. HOWEVER, HE SAID THAT IF THE LDCS REFUSED TO GO BEYOND POLEMICS IN THE MTN, "ALL OUR CHILDREN WOULD LIVE TO REGRET IT." WOLFF ALSO RESPONDED THAT THE U.S. WAS NOT NEGOTIATING FOR U.S. MULTINATIONAL BUT FOR U.S. TRADE INTERESTS. HE REPEATED HIS EARLIER POINT THAT THE U.S. WAS SEEKING TRADE ASSURANCES IN THE MTN AND THAT IT WOULD BE HEALTHY FOR THE VENEZUELAN ECONOMY TO BE OPENED TO SOME FOREIGN COMPETITION. VARGAS ARGUED THAT THE U.S. INSISTENCE ON BINDINGS WOULD PRECLUDE THE GOV'S FLEXI-LIMITED OFFICIAL USE
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BILITY. HE COMPLAINED THAT THE U.S. WAS TRYING TO DRIVE TOO HARD A BARGAIN.

13. LANDE REPORTED THAT THE U.S.G. WAS IN THE PROCESS OF EXAMINING WHAT KINDS OF S AND D WOULD BE PROVIDED IN THE MTN. AT THE COMPLETION OF THE MTN THE LDCS WOULD HAVE GREATER ACCESS TO THE U.S. MARKET, BUT NOT FREE ACCESS. HOWEVER, LANDE CAUTIONED THAT TO OBTAIN GREATER ACCESS TO THE U.S. MARKET THE LDCS WOULD HAVE TO EXERCISE GREATER DISCIPLINE IN THE TRADING SYSTEM.

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16. AMBASSADOR CASTELLANO CLOSED THE MEETING BY URGING THE U.S. TO ACCEPT THE ANDEAN PACT'S COMMON EXTERNAL TARIFF REDUCTIONS AS A CONCESSION. WITH REGARD TO NON-TARIFF MEASURES, HE SAID THAT MANY U.S. REQUESTS COULD NOT BE SATISFIED SINCE THE MEASURES EXISTED FOR SANITARY AND FISCAL REASONS OR TO PROTECT INFANT INDUSTRIES.

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APPROVED BY STR/HJROSENBAUM
-----122164 261112Z /10
R 260300Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS

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FOLLOWING REPEAT STATE 131746 ACTION MEXICO GENEVA MAY 24.

QUOTE:LIMITED OFFICIAL USE STATE 131746

E.O. 11652: N/A

TAGS: MX, MTN

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Message Attributes

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Copy: SINGLE
Draft Date: 24 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE131746
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Document Unique ID: 00
Drafter: STR/JROSENBAUM:TK
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D780218-0851
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805112/baaaeyjsj.tel
Line Count: 511
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 057b3895-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
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Previous Classification: LIMITED OFFICIAL USE
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
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Review Withdrawn Fields: n/a
SAS ID: 2540448
Secure: OPEN
Status: NATIVE
Subject: MTN CONSULTATIONS WITH VENEZUELA: MAY 10, 1978
TAGS: ETRD, MX, VE, MTN
To: MEXICO GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/057b3895-c288-dd11-92da-001cc4696bcc
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